

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 SP-02 ICA-20 AID-05 EB-08 NSC-05

TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06

LAB-04 SIL-01 AGRE-00 DOE-15 SOE-02 /120 W

-----062228 280822Z /12

R 270743Z JUN 78

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 7907

INFO AMCONSUL HONG KONG

AMEMBASSY MANILA

USLO PEKING

AMEMBASSY SEOUL

UNCLAS SECTION 01 OF 02 TAIPEI 04071

E.O. 11652: N/A

TAGS: ECON, TW

SUBJ: KEY ECONOMIC INDICATORS FOR MAY, 1978

REF: TAIPEI 3560

1. KEY ROC ECONOMIC INDICATORS FOR MAY: ALL FIGURES IN
U.S. DOLS MILLIONS AND ROUNDED' FIGURES REVISED SINCE
PREVIOUS REPORT IN PARENTHESES:
MAY APR MAY PERCENT PERCENT JAN-MAY JAN-MAY PERCENT
78 78 77 A/B - 1 A/C - 1 78 77 F/G - 1
(A) (B) (C) (D) (E) (F) (G) (H)

MONEY SUPPLY:

4,638 4,552 3,493 1.89 32.77

NET FOREIGN ASSETS OF BANKING SYSTEM:

5,077 4,938 3,567 2.80 42.29

IMPORTS ON CUSTOMS BASIS:

910.8 (901.2) 780.6 1.07 16.68 4,009.0 3,308.0 21.19

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EXPORTS ON CUSTOMS BASIS:

1,152.6 (995.8) 811.0 15.75 42.12 4,523.8 3,354.1 34.87

TRADE BALANCE ON CUSTOMS BASIS:

241.8 94.6 30.4 514.8 46.1

IMPORTS ON FOREIGN EXCHANGE SETTLEMENT BASIS:

859.7 902.3 651.0 -4.72 32.06 4,032.1 3,233.6 24.69

EXPORTS ON FOREIGN EXCHANGE SETTLEMENT BASIS:

1,138.1 992.5 843.9 14.67 34.86 4,707.0 3,825.7 23.04

TRADE BALANCE ON FOREIGN EXCHANGE SETTLEMENT BASIS:

278.4 190.2 192.9 674.9 592.1

IMPORTS FROM U.S. (CUSTOMS):

237.5 (190.7) 211.9 24.54 12.08 898.2 789.2 13.81

EXPORTS TO U.S. (CUSTOMS):

495.0 (401.9) 332.3 23.16 48.96 1,859.5 1,253.4 48.36

TRADE BALANCE WITH U.S. (CUSTOMS):

257.5 211.2 120.4 961.3 464.2

INDUSTRIAL PRODUCTION INDEX (1971=100):

256.1 (249.9) 213.5 2.48 19.95 241.0 201.4 19.66

WHOLESALE PRICES INDEX (1976=100):

105.88 104.82 102.74 1.01 3.06 104.32 102.40 1.88

URBAN CONSUMER PRICES (1976=100):

112.42 112.50 104.69 -0.07 7.38 111.06 103.67 7.13

FOREIGN INVESTMENT APPROVALS:

15.54 8.49 10.96 71.35 32.75 61.68 29.74 107.41

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U.S. INVESTMENT APPROVALS:

5.16 5.97 2.59 -13.53 99.30 18.64 4.55 309.31

2. KEY PRODUCTION FIGURES FOR MAY, 1978

POWER GENERATION (MILLION KWH):

2,842 2,616 2,616 8.64 8.64 12,754 11,607 9.88

COTTON YARN (1,000 BALES):

167.4 (156.0) 161.2 7.31 3.85 765.7 747.2 2.48

MAN-MADE FIBERS (MT):

46,066 (43,606) 37,021 5.64 24.43 210,622 170,413 23.60

PLASTIC RESINS (MT):

37,709 (35,213) 24,959 7.09 51.08 170,545 114,795 48.56

BASIC PETROCHEMICAL FEED STOCKS (MT):

71,663 71,096 60,154 0.80 19.13 352,761 266,485 32.38

CHEMICAL FERTILIZERS (1,000 MT):

125.1 (100.2) 137.0 24.85 -8.69 583.0 604.8 -3.60

CEMENT (1,000 MT):

945.9 921.2 925.4 2.68 2.22 4,536.5 4,239.8 7.00

STEEL BARS AND STRUCTURALS (1,000 MT):

235.2 (209.2) 110.4 12'43 113.04 985.9 572.1 72.33

AUTO TIRES (1,000 PCS):

110 (101) 82 8.91 34.15 538 394 36.55

CRUDE OIL REFINED (1,000 KL):

1,444.9 1,448.6 1,352.3 -0'26 6.85 6,975.1 6,436.4 8'37

TELEVISION (1,000 UNITS):

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610.0 (568.4) 342.8 7'32 77.95 2,847.5 1,604.8 77.44

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ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01

INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06

SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07

CEA-01 AGRE-00 DOE-15 SOE-02 /120 W

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3. ECONOMIC TRENDS IN THE ROC, MAY, 1978

(1) TOTAL ROC TRADE (U.S. DOLS 2.06 BILLION), EXPORTS

(U.S. DOLS 1.15 BILLION), IMPORTS (U.S. DOLS 911 MILLION)

AND TRADE SURPLUS (U.S. DOLS 242 MILLION) ALL REACHED

RECORD HIGH LEVELS IN THE MONTH OF MAY. A NEW RECORD WAS ALSO SET FOR TRADE WITH THE UNITED STATES, AS EXPORTS REACHED U.S. DOLS 495 MILLION, MORE THAN DOUBLE IMPORTS FROM THE U.S. (U.S. DOLS 238 MILLION). THE SHARP INCREASE IN EXPORTS TO THE U.S. IN MAY CAN BE ATTRIBUTED IN LARGE PART TO A RAPID INCREASE IN ORDERS BY BUYERS ATTEMPTING TO OFFSET THE EFFECTS OF A POSSIBLE DOCK STRIKE ON THE U.S. WEST COAST LATER IN THE YEAR. IN THE FIRST FIVE MONTHS OF 1978, THE ROC'S TRADE SURPLUS WITH THE U.S. WAS ALMOST U.S. DOLS 1 BILLION, COMPARED WITH A U.S. DOLS 464 MILLION SURPLUS IN THE SAME PERIOD LAST YEAR. THE TRADE DEFICIT WITH JAPAN FOR THE SAME PERIOD INCREASED FROM U.S. DOLS 508 MILLION IN 1977 TO U.S. DOLS 802 MILLION THIS YEAR.

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(2) STIMULATED BY THE SURGE IN EXPORTS, INDUSTRIAL

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PRODUCTION FOR THE FIRST FIVE MONTHS INCREASED BY 20 PERCENT OVER THE SAME PERIOD LAST YEAR. AS MANY FACTORIES NEARED FULL-CAPACITY OPERATIONS, PRIVATE INVESTMENT HAS ACCELERATED. ACCORDING TO A SURVEY BY THE ROC'S COUNCIL FOR ECONOMIC PLANNING AND DEVELOPMENT (CEPD), PLANNED INVESTMENT BY PRIVATE DOMESTIC COMPANIES FOR 1978 EXCEEDS ACTUAL INVESTMENT LAST YEAR BY 46 PERCENT. 80 PERCENT OF SUCH PLANNED INVESTMENT WILL BE FOR EXPANSION, WHILE THE REMAINING 20 PERCENT WILL INVOLVE REPLACEMENT OF OLD FACILITIES. AT THE SAME TIME, A SERIOUS LABOR SHORTAGE IS DEVELOPING. ANOTHER CEPD SURVEY INDICATES THAT THE RATIO OF DEMAND FOR AND SUPPLY OF LABOR INCREASED FROM 3.3/1 IN JANUARY TO 4.6/1 IN APRIL. UNSKILLED AND SEMI-SKILLED WORKERS, IN PARTICULAR, ARE IN SHORT SUPPLY.

(3) THE ROC'S RECORD TRADE SURPLUS CAUSED FOREIGN EXCHANGE RESERVES TO RISE PAST THE U.S. DOLS 5 BILLION MARK AT THE END OF MAY, AND CONTRIBUTED TO AN INCREASE OF 32.8 PERCENT IN THE MONEY SUPPLY FOR THE MONTH, ON AN ANNUAL BASIS. ALTHOUGH RETAIL PRICES IN MAY DECLINED FRACTIONALLY FROM THE PREVIOUS MONTH'S LEVEL, THEY ROSE 7.4 PERCENT IN THE 12-MONTH PERIOD ENDING MAY 31. WHOLESALE PRICES IN MAY ROSE 1.01 PERCENT. EXCESS RESERVES OF DOMESTIC BANKS REACHED A HIGH LEVEL OF N.T. DOLS 8.3 BILLION IN LATE MAY. THE ROC GOVERNMENT HAS TAKEN SEVERAL MEASURES TO CURTAIL INFLATIONARY PRESSURES. THE BANK LIQUIDITY RESERVE RATE HAS BEEN RAISED FROM 5 PERCENT TO 7 PERCENT. THE CENTRAL BANK OF CHINA WILL ISSUE INCREASED AMOUNTS OF TREASURY BILLS AND TIME DEPOSIT CERTIFICATES. TO ENCOURAGE IMPORTS, THE INTEREST RATE FOR FOREIGN CURRENCY LOANS BY DOMESTIC BANKS HAS BEEN LOWERED, THE CEILING ON FOREIGN CURRENCY LOANS TO LOCAL COMPANIES RAISED, AND SOME RESTRICTIONS ON

THE EXPORT OF FOREIGN CURRENCY HAVE BEEN LOOSENEED.

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(4) DETAILS OF LABOR SHORTAGE AND ANTI-INFLATIONARY
MEASURES FOLLOW IN SEPTELS.

CORRECTION: FOREIGN INVESTMENT APPROVALS FOR MAY, 1978,
SHOULD READ 14.54, INSTEAD OF 15.54, AS LISTED ABOVE.
OTHER FIGURES UNDER FOREIGN INVESTMENT APPROVALS ARE
CORRECT. UNGER

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Message Attributes

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Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
Disposition Reason:
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